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## THE CAPITALIZATION OF SOCIAL DEVELOPMENT.

THIS paper is an advance report of the results of several years' work in an imperfectly cultivated field. As its title suggests, it relates to social development broadly. It is now a commonplace that civilization is the result of a growth-process. But the doctrine of evolution as applied to human society has thus far given us a gross map of a territory, a set of highly abstract formulas, a standpoint from which to approach the subject, rather than an intimate and practical working idea of the facts. Dazzled by the late achievements of evolutionary science, we are prone to think the whole story has been told. The great fact of social development from the levels of animality having been flung out into relief, we have tended to accept it without pausing to inquire just how, as a practical matter of fact, such a vast upward movement could have taken place. This paper, without pretension to severe scholarship, attempts to indicate briefly one of the main channels through which natural forces have differentiated the phenomena of human association out of anterior orders of reality, and made a science of sociology possible.

1. The beginnings of social growth, as recovered by modern research, can be indicated in a general way within the limits of a single paragraph somewhat as follows:

Man once lived an animal life, without knowledge of the industrial arts, scattered about in small groups, depending for food upon a precarious natural supply, and fighting with the lower animals and his own kind for the means of existence. Nothing like society, as we now understand the term, was to be found on the earth. But, making progress from this condition, man learned to fashion rough tools of wood and stone, then implements of polished stone, and at length utensils of copper and bronze. Meanwhile he became expert in hunting and fishing, acquired the use of fire, and domesticated some of the lower animals. During the prehistoric period he also learned to save seeds for planting, and thus made the beginnings of agriculture.

These early steps of material progress changed the direction of the forces hitherto operating among men. In fights, the victors, instead of slaughtering the vanquished indiscriminately as hitherto, now began to spare life and take captives in order to provide the labor necessary to material progress. Along with the appearance of slavery came the rise of a ruling and owning class. In the struggle for existence, in the struggle for favored locations, those bands and tribes which were best organized under an efficient upper class naturally overcame the ones that were not so well led. The larger, better organized, and more powerful tribes conquered and absorbed the smaller. At length, in place of small bands and tribes there began to appear national groups; and the curtain rolled up on the stage of history.

2. It is well understood by historical students that ancient slavery was a great step in human progress. But, whatever its merits, the consideration of slavery introduces a much larger subject—the place of class relations in social development as a whole.<sup>1</sup>

In its material aspect, property in men is an institution by means of which one class of people appropriates the labor products of another class without economic repayment. This relation is brought about by other institutions than slavery. For instance, if a class engross the land of a country, and force the remainder of the population to pay rent, either in kind or in money, for the use of the soil, such a procedure issues, like slavery, in the absorption of labor products by an upper class without economic repayment.

We have observed the origin of social cleavage into upper

<sup>1</sup> It would save trouble if some social reformers would recognize that institutional injustice, uncrossed by deliberate human volition, is not immoral. The social good or evil of any institution is largely relative. The ancient civilizations were little oases in the midst of deserts of savagery and barbarism. If the humble classes had elected to withdraw and institute political and economic equality, the seceding multitude would inevitably have come into collision with militant tribes in a lower stage of culture, and have been compelled to fight. Unless they now reproduced the social arrangements of the communities they had left behind, they must have been conquered and re-enslaved, or blotted out of existence. Sociological research brings the great human tragedy fully into view; but if we stop to reason on the meaning of the tragedy, we are at once carried out of the domain of sociology.

and lower strata, on this general basis, at the inception of social development. If we scrutinize the field carefully, it is evident that one of the greatest and most far-reaching facts of ancient civilization, as it emerges from the darkness of prehistoric times, as well as one of the most considerable facts of subsequent history, is just this cleavage of society into two principal classes. If the point is not apparent, let it be assumed.

3. Viewed from a distance, the most dramatic feature of social evolution consists in the drawing together of mankind from the scattered, wandering, animal condition into compacted and settled communities of increasing size. At the very outset of this great process, imperative necessities, hitherto non-existent, came rapidly to the front. Men were beginning to live a life unlike that of their ancestors before the age of material progress. They were being unconsciously drawn together by forces they little understood into a social system whose bonds were strengthening about them every day. They had struck out along the upward path of civilization; and, as the old life receded into the past, they were confronted, figuratively speaking, by a tremendous problem—or, perhaps better, by a number of problems with a common element.

Along with the unconscious growth of social groups, and the fusion of these groups into larger aggregates, it became necessary that the different communities thus formed should evolve agencies for protection against outside enemies and the suppression of internal disorder; that the most certain possible food-supply be guaranteed for the greatest number; that forts be erected and equipped; that the products of different localities be exchanged; that calculations be made and accounts kept; that roads be constructed, canals be dug, and other means of transportation and communication by land and water be provided; that the religious tendency be satisfied by the establishment of priesthoods and rituals and the building of temples. All these and other necessities came into being as mankind rose above the levels of animality into advancing civilization. In last analysis they all resolve themselves into a general demand for large and increasing quantities of material tools, or capital. It

may, indeed, be stated as a law that the integration of society rests upon a concomitant integration of wealth, of labor products, in the capitalistic form. If this point is not immediately apparent in all its bearings, let it, also, be assumed.

4. These propositions will now possibly begin to fall into a logical sequence. The foregoing treatment has prepared the way for the following thesis:

Social cleavage into upper and lower strata has effected the capitalization of social development. The rise of mankind out of the merely animal state, and their gradual incorporation into a new and extending order of contacts, have necessarily involved the use of huge quantities of labor products, both in the form of diverse material capital and in the form of immediate support for personal ministers to such intangible social needs as those of order, law, general science, etc. Directly or indirectly, all social necessities resolve themselves into a demand for large material capital. This is furnished, neither from outside the borders of society nor by individuals in the conventional economic sense, but by a vast, unconscious cleavage within society itself. During the earlier stages of development, although capital freely takes the industrial form, the organized growth of large industry and commerce awaits the establishment of social stability over wide areas. The earlier of the great historic civilizations—*i. e.*, the oriental and the classic—show a comparatively backward economic development; but western civilization, its energies freed from the awful work of spiritual beginnings by a rich heritage from its predecessors, more quickly turned its capital into the industrial form, and within a marvelously short space has evolved a more balanced social order than the world has ever seen, conserving alike the tangible and the spiritual elements of culture.

The principle of social capitalization by social cleavage (if principle it be) is thought to give us a clearer outlook on the facts of social development than we have hitherto enjoyed, and hence to facilitate the interpretation of social realities. It is not put forward in a dogmatic spirit. Nor would we claim for it the character of a complete, or even approximately complete,

social philosophy. We regard it as a contribution to the scientific study of society in the making. There seems to be a large field over which it comes into active operation, and in which it has played an important part.

To look at the subject from the material standpoint, everybody who thinks about the matter seriously knows that social evolution rests upon the use of large and increasing masses of capital, and that without it society would disintegrate.<sup>1</sup> But capital, like air, is such a pervasive commonplace that we take it as a matter of course and think little about it. Economists have, indeed, given a specialized attention to it as a "factor in production;" but they have looked at it almost exclusively in an abstract, *a priori* way, largely ignoring its actual genesis.<sup>2</sup> Economic treatises in general tell us that capital originates in the "reservation of wealth." Walker, for instance, in his *Political Economy*, Book II, chap. iii, imagines a rude, poverty-stricken tribe, and works out in some detail its transformation into a community well stocked with capital, in which manufactures have sprung into being, and in which resides all the potentiality of a modern nation; the illustration being brought forward for the purpose of showing that capital "stands always for self-denial and abstinence," and "arises solely out of saving." But this is true of developing society only in an abstract sense. We are correct in saying that capital originates in the reservation of wealth in the same sense that we are correct in declaring a steamboat to be propelled by the power of steam. Both statements are true; but neither statement satisfactorily reports the actual situation. The mere knowledge that a steamship is moved by the power of steam does not tell us how the thing is done. Likewise the mere knowledge that capital originates in the reservation of wealth carries with it no practical understanding of capital as a concrete fact in society. If the present interpretation is correct, the history of capital is but slightly influenced by

<sup>1</sup>Cf. SMALL AND VINCENT, *Introduction to the Study of Society*, p. 78.

<sup>2</sup>In partial qualification, however, cf. MILL, *Principles of Political Economy*, Book I, chap. v, sec. 4; ROSCHER, *Political Economy*, sec. 45; HADLEY, *Economics* (New York, 1896), p. 30, where the truth is squinted at, and passed by. Cf. sidelight in BÖHM-BAWERK, *Positive Theory of Capital* (Smart's translation), p. 103, note.

conventional ideas of self-denial; and the practical work of social development, not only on the material side, but on the spiritual side as well, has been accomplished mainly by the use of huge masses of lower-class products, appropriated (or, perhaps better, controlled) under various forms of property right by a comparatively small upper class whose origins were coeval with the origins of society.

While we are disposed to claim a considerable place for this idea in the philosophy of history, it is well to emphasize, by way of caution, that it affords only a partial outlook on a large subject. The following passage from Bishop Stubbs is pertinent:

Among the first truths which the historical student, or indeed any scientific scholar, learns to recognize, this is perhaps the most important, that no theory or principle works in isolation. The most logical conclusions from the truest principle are practically false, unless in drawing them allowance is made for the counterworking of other principles equally true in theory, and equally dependent for practical truth on co-ordination with the first. No natural law is by itself sufficient to account for all the phenomena which on the most restricted view range themselves within its sphere.<sup>1</sup>

In the scientific student of society the statement of our thesis—if it satisfy his sense of probability—will at once awaken the desire to see it illustrated in historical terms. On the other hand, one who approaches the subject from the standpoint of reform, even if impressed favorably, will tend to overleap the past and ask the present and future significance of our conception. This question, although legitimate in itself, is here out of order.

Bearing in mind the prehistoric beginnings outlined above, we shall now attempt a summary illustration of our thesis in historical terms, commencing with the ancient oriental civilization which centered about the eastern end of the Mediterranean sea.

5. A survey of the peoples of the ancient East as they come forward on the stage of history shows that there was no such differentiation of institutions and functions among them as we find in the latest social theory and practice. The idea that society is organized into definite institutions—industrial,

<sup>1</sup> STUBBS, *Constitutional History of England* (Oxford, 1875), Vol. I, p. 32.

political, religious, domestic, educational, etc.—each having its own special function to discharge, giving its own peculiar direction to the human life common to them all, and having nothing directly to do with the rest—this is a modern idea, and was but imperfectly illustrated in the life and thought of oriental civilization. Society develops, like other growing things, from the indefinite to the definite, from the simple to the complex; and we should not be surprised to find that the oriental community was far more primitive, and far less definite, than the social order in which we live. This ancient world was, indeed, much nearer the “beginnings” than we are commonly inclined to think. We are often reminded that written history supplies only the later part of man’s life on the earth; and in a chronological sense this is true. But modern research into the growth of society is making it clear that historical perspective is determined, not by chronology, but by achievement. Prehistoric ages doubtless embrace a much longer stretch of time than historic ages; but, from the standpoint of achievement, the former contract, while the latter expand. Comparing the results of the former with those of the latter, it is evident that the earliest civilizations are, so to speak, earlier than they seem to be. The social constitution of the Orient was primitive because the Orient was itself a primitive society. Interrogate the ancient East for its own theory of things, and no great scientific thinkers come forward to make answer.

If, now, instead of trying to discover some complex arrangement, or theory, of society on which our ideas may turn in looking at the earliest human civilization—if, instead of this, we bear in mind the facts and principles which this paper has been trying to outline, our task will be simplified. If the present interpretation is correct, oriental society is to be approached primarily from the standpoint of its cleavage into upper and lower strata. It is here that we seem to find a comprehensive clue to a practical study of the facts.

6. First, let us try to mark off the political forces and institutions—or, rather, that side of oriental life which corresponds to them.



In the light of our modern conception of the state as embracing all the people of a given territory, and of government as the agent of such a state, it requires an effort of the imagination to turn backward and realize the true nature of politics in the earlier ages of social evolution. In the ancient East government was a prerogative of property in men and in the soil,<sup>1</sup> an incidental vocation of the upper class; and there was no abstract idea of the state at all. Governmental activity, while tending on the whole to secure the greatest good of the greatest number, was deliberately in the interests of the upper class. Social evolution in its beginnings must be regarded as a scramble wherein the masses became subordinate to property-holding classes who developed communal control, or government—which was at first of local scope, and later, as communities and tribes were brought into larger aggregates by conquest or other means of affiliation, of general scope as well. Local authority is exercised by some member of the nobility, who is perhaps elected by his peers, or perhaps the descendant of some earlier tribal chief. Separate communities occupying any region of uniform, or fairly uniform, physical characteristics, in which communication and transportation are not matters of great difficulty, tend to develop a general government at an early date. But this result is not always brought about in just the same way. Perhaps the pressure of invasion forces them to unite for the common defense, the local chiefs electing a leader from one of their number. Perhaps the invaders are successful, their leader proclaiming himself as king of all that territory, and dividing the soil and its inhabitants among his officers. In either case, whether the invasion is successful or not, the communities of such a region are never afterward the same. The foundations of general control have been laid; and in spite of drawbacks the tendency thus manifested is a permanent social force. The king is a noble elevated to royal dignity by the will of his peers, who conduct local government and acknowledge his authority in matters of general concern which could not well be administered by local authorities. The

<sup>1</sup> Cf. ERMAN, *Life in Ancient Egypt* (London, 1894; Tirard's transl.), pp. 80, 81, 99.

masses of the people bear allegiance to the king only in an indirect way through their local rulers. This rough constitution, called "feudalism," tends to prevail for a time wherever mankind leave the wandering life and advance into settled society. The ancient East never got any further. In Egypt the local divisions of the country were even designated by animal totem names which, in ages past, belonged to clan groups. The student of social evolution who is fully conscious of the animalistic anarchy out of which civilization develops is prepared to see that the character of early government is of smaller significance than the *fact* of government. As Mr. Bagehot has well said: "In early times the quantity of government is much more important than its quality. What you want is a comprehensive rule binding men together. . . ."<sup>1</sup>

There was no political life in the ancient East—no public discussion of public policy. But there were necessarily much private discussion and factional difference within the controlling class. Outwardly, all oriental government was "absolute." The sociologist, however, will appraise this political term at its true value.

It is not easy to indicate where the governmental activities of the upper class merged into its other activities. At the least, the local and general governments did a great deal that government does now. They actively promoted social peace and order, made provisions for the common defense, constructed roads and canals, fostered commerce, and set up judicial tribunals. Let us take an illustration from Egypt:

The encouragement of trade and commerce, the establishment and improvement of commercial routes, the digging of wells, the formation of reservoirs, the protection of roads by troops, the building of ships, the exploration of hitherto unknown seas—such were the special objects which the monarchs of the eleventh dynasty [about 3000–2800 B. C.] set before them, such the lines of activity into which they threw their own energies and the practical ability of their people.<sup>2</sup>

This policy attained its greatest development in the times of

<sup>1</sup> BAGEHOT, *Physics and Politics* (New York, 1881), p. 25.

<sup>2</sup> RAWLINSON, *History of Ancient Egypt* (Boston, 1882), Vol. II, pp. 141, 142; cf. pp. 173, 174; also, PETRIE, *History of Egypt* (New York, 1895), Vol. I, p. 124.

the succeeding, or twelfth, dynasty, under which it has been said that Egypt reached its apogee.<sup>1</sup> But sometimes the king's energies were otherwise occupied.

A considerable part of his [Pharaoh's] time was taken up in war—in the east against the Libyans in the regions of the Oasis; in the Nile valley to the south of Aswan against the Nubians; on the isthmus of Suez and in the Sinaitic peninsula against the Bedouin; frequently also in civil war against some ambitious noble or some turbulent member of his own family.<sup>2</sup>

The subject of governmental supply, as compared with that of government itself, is, for many ages, of secondary importance. The fact of governmental support is more significant than the nature of the support.

The duties enforced by the feudal [Egyptian] state do not appear to have been onerous. In the first place, there was the regular payment of tribute, proportioned to the extent and resources of the fief. In the next place, there was military service: the vassal agreed to supply, when called upon, a fixed number of armed men, whom he himself commanded, unless he could offer a reasonable excuse.<sup>3</sup>

The operations of local government were partly defrayed by forced labor, and partly by indiscriminate taxation of movable property.

The discharge of governmental functions rested constantly, in large part, upon the development of other aspects of civilization. Without an accompanying industrial and intellectual progress the enterprises noted above could not have been undertaken. Indeed, we never quite know when the seeming governmental activities of a great noble, or of the king, are not a phase of some private project, for, as already suggested, the idea of "public welfare" in the modern sense had not yet appeared, even though the greatest good of the greatest number were incidentally served.

7. In oriental society industry never attained anything like its modern development. Generally speaking, the capital employed in agriculture and manufactures consisted of, and was renewed from, lower-class products appropriated under the forms

<sup>1</sup> LENORMANT, *Ancient History*, Vol. II, p. 353.

<sup>2</sup> MASPERO, *Egypt and Chaldea* (London, 1896; McClure's translation), p. 268.

<sup>3</sup> *Ibid.*, p. 300.

of property by the upper class. Agriculture flourished on great country estates; and the patronage of the nobility supported and capitalized the craftsmen of the towns.<sup>1</sup> As no locality produced everything its people wanted, commerce arose at an early date. A large trade grew up between Egypt, Greece, Arabia, Syria, and the tribes of Africa as well. Commerce in its origin is the exchange of their appropriations among the upper orders. This, however, includes more than the bare statement indicates, for it secures the circulation of raw material and the supply of tools to agricultural and manufacturing workers. An active trade in slaves located skilled and unskilled labor where it was most needed; and the "mobility" of labor was perhaps as great in proportion to the development of the age as it is today. The merchant class, when independent of the nobility, was drawn by a severe process of selection from the humbler folk, and was thus in reality an extension of the upper class under a new form. It managed the circulation of wealth in the superior social stratum, and grew rich on commissions. The nobility, however, usually retained personal control of commerce, managing its operations through a corps of slave-stewards. It was from the ranks of these latter that the independent mercantile class, wherever it arose, was naturally derived; but the ancient East never developed a "third estate" of sufficient strength to assert itself against the landed, military nobility. Under favorable circumstances the upper stratum was sometimes transformed by the trading spirit, as in ancient Babylonia, where the original aristocracy of birth, based on landholding, melted into a wealthy mercantile class;<sup>2</sup> but in such cases it is to be noticed that the mercantile class does not develop alongside of, and in opposition to, a landed nobility.

8. The rise of commerce illustrates, by the way, a fact of importance in connection with our thesis. There is danger of acquiring too rigorous an idea of the principle with which we are working. Social cleavage into upper and lower strata is an

<sup>1</sup> RAWLINSON, *op. cit.*, Vol. I, p. 496; *cf.* WILKINSON, *The Ancient Egyptians* (Boston, 1883), Vol. I, pp. 38, 280, 284.

<sup>2</sup> SAYCE, *Babylonians and Assyrians* (New York, 1900), p. 173.

institution within the bowels of society, rather than the mark of two utterly contrasted and mutually exclusive orders. When the upper class did not retain personal control of commerce, and an independent merchant body arose, the latter, as remarked a moment ago, was drawn from the lower people by a rigid process of selection. Even when the slave managers of commerce did not reach legal freedom, they were favored in proportion to their importance, and were living witnesses to a social mobility which, in fact if not in law, recruited the upper, directive stratum from the best elements of the lower. But it was not commerce alone that illustrated this important fact. Turning again to Egypt:

Many a monument consecrated to the memory of some nobleman gone to his long home, who during life had held high rank at the court of Pharaoh, is decorated with the simple but laudatory inscription, "his ancestors were unknown people."<sup>1</sup>

In the schools where the poor scribe's child sat on the same bench beside the offspring of the rich, to be trained in discipline and wise learning, the masters knew how by timely words to goad on the lagging diligence of the ambitious scholars, holding out to them the future reward which awaited youths skilled in knowledge and letters. . . . Even the clever son of the poor man might hope by his knowledge to climb the ladder of the higher offices, for neither his birth nor his position in life raised any barrier, if only the youth's mental power justified fair hopes for the future. In this sense the restraints of *caste* did not exist, and neither descent nor family hampered the rising of the clever.<sup>2</sup>

The scribe is simply a man who knows how to read and write, to draw up administrative formulas, and to calculate interest. The instruction which he has received is a necessary complement of his position if he belongs to a good family, whilst if he be poor it enables him to obtain a lucrative situation in the administration or at the house of a wealthy personage.<sup>3</sup>

Cases have been seen of the son of a peasant or of a poor citizen commencing by booking the delivery of bread or vegetables in some provincial office, and ending, after a long and industrious career, by governing one-half of Egypt.<sup>4</sup>

<sup>1</sup> BRUGSCH, *History of Egypt* (London, 1881; Smith's translation), Vol. I, p. 29.

<sup>2</sup> *Ibid.*, pp. 28, 29.

<sup>3</sup> MASPERO, *Life in Ancient Egypt and Assyria* (New York, 1899), p. 9.

<sup>4</sup> *Ibid.*, p. 11. For an illustration of this, see same author, *Egypt and Chaldea*, pp. 290-96.

9. Religion was an important factor in oriental social economy. It served in many ways to strengthen social bonds and give direction to social forces. We must omit all reference to its origin. Each "nation" came to identify itself and its fortunes with some particular god or gods. Divinity was thought to lead in battle; and an extension of the national power was an enlargement of the divine prestige.

Assur was supreme over all other gods, as his representative, the Assyrian king, was supreme over the other kings of the earth. . . . It was through "trust in Assur" that the Assyrian armies went forth to conquer, and through his help that they gained their victories. The enemies of Assyria were his enemies, and it was to combat and overcome them that the Assyrian monarchs declare that they marched to war.<sup>1</sup>

It is easy to see how the common adherence to a single deity strengthened communal feelings. Even though the god were unseen, his representative, in the person of priest or king, was visible to the eye. As tribes coalesced into national groups, occupying definite territories, the upper classes caused the erection of temples and the establishment of priesthoods and rituals. Temples were endowed with landed property and slaves. In Egypt the domain of the gods formed about one-third of the whole country.<sup>2</sup> But religion was more than a cult and a system of ideas about the supernatural world. In Chaldea

The priests made great profit out of corn and metals, and the skill with which they conducted commercial operations in silver was so notorious that no private person hesitated to entrust them with the management of his capital: they were the intermediaries between lenders and borrowers, and the commissions which they obtained in these transactions were not the smallest or the least certain of their profits. They maintained troops of slaves, laborers, gardeners, workmen, . . . all of whom either worked directly for them in their several trades or were let out to those who needed their services.<sup>3</sup>

The priesthood was, in fact, a part of the upper class; and the religious phase of life rested everywhere on social cleavage. These facts help us to see again that the upper-class control of any

<sup>1</sup> SAYCE, *op. cit.*, p. 256.

<sup>2</sup> MASPERO, *Egypt and Chaldea*, p. 303; *cf.* ERMAN, *op. cit.*, pp. 80, 81.

<sup>3</sup> MASPERO, *op. cit.*, p. 679; *cf.* SAYCE, *op. cit.*, p. 173; MASPERO, *Life in Ancient Egypt and Assyria*, pp. 59, 60.

institution was more or less mixed up with all kinds of social functions.

10. Oriental education, of which we have already obtained a passing glimpse, was also in the same hands, the schools being usually in charge, or under the direction, of the priesthood. It was the schools that fostered the beginnings of human learning—writing, mathematics, etc.; it was the schools that educated the aristocracy itself, and freely trained poor children of promising talents to become useful members of the community.

11. Social cleavage, like many other institutions, carries within itself possibilities of good and evil. It operated as a prime factor in lifting the Orient out of prehistoric darkness into the daylight of history. It was potent as an active principle of growth for several thousand years. But at length its abuses, never absent, began to preponderate over its benefits. Population multiplied, and increased the demand for land. The soil was absorbed by the upper class. There was no further outlet for conquest and colonization. Social vigor declined; and the eastern peoples felt the irresistible shock of assault from without, culminating in the Roman conquest.

A new circle of communities had gradually risen out of barbarism, and, coming into contact with the culture of the older world, had at length assumed the leadership of progress. The center of historical interest shifted from the eastern Mediterranean to the northern coasts of the Great Sea.

12. When the light of history breaks on them, the inhabitants of the Grecian and Italian peninsulas consist of tribes contending among themselves for the material advantages of the lands into which they had come. Everywhere the growing social fabric was cloven into upper and lower strata. As the new communities came forward into history, the upper order was at first a slaveholding and landowning, not a commercial, class. Social stability must be secured, and the elements of productive industry organized, before commerce could begin on a large scale.

13. No settled society long exists without the exchange of products. The social history of Greece and Italy was early marked by the rise of domestic and foreign trade. Just as in the

oriental world, so here, commerce was first of all the exchange of lower-class products among the upper orders. And here, too, the institution of social cleavage was not so rigid as it seems. Internal selection, aided by migration between the different countries, developed a mercantile body to manage exchanges, to grow rich by retaining some of the wealth which passed through its hands, to purchase land and slaves of its own, and hence to become, in fact if not in law, a part of the upper class. In the period between the eighth and fifth centuries B. C. the currents of commerce gathered mighty force in both peninsulas. In Greece and Italy the original, hereditary, landholding nobility was confronted by a new commercial aristocracy, much more numerous and powerful than the corresponding element in the oriental civilization; and this class demanded a share in the government.<sup>1</sup>

14. The internal political history of Greece, especially in Attica, and of Italy, especially in Rome, narrates the struggles between these elements. In the most progressive parts of Greece "the rule of the nobles gave way to a rule of the rich. Energetic men, who had made their own way in the world, were no longer excluded from civic power and office;"<sup>2</sup> and, with local differences, the same came to be true of Rome.<sup>3</sup> Although government was still controlled by an upper class, the clan government of the ancient tribe now passed into the territorial government of settled society. The "state," in something like its modern form, appeared.

In passing from the oriental to the classic world a marked political change is manifest. In the latter, society was pervaded by a freer atmosphere. Within certain limits, public discussion of public policy became the rule; and the governments in which the new aristocracy won a place beside the old nobility were

<sup>1</sup> Cf. CURTIUS, *History of Greece* (New York, 1875; Ward's translation), Vol. I, p. 339; GROTE, *Greece* (New York, 1875), Part II, chaps. 18 and 21; DUNCKER, *Greece* (London, 1886; Alleyne and Abbott's translation), Vol. II, Book IV, chap. 2; MOMMSEN, *History of Rome* (New York, 1898; Dickson's translation), Vol. I, p. 111; IHNE, *Roman History* (London, 1882; English edition), Vol. IV, p. 216.

<sup>2</sup> ABBOTT, *History of Greece* (New York, 1888), Vol. I, p. 367.

<sup>3</sup> Cf. MOMMSEN, *op. cit.*, Book II, chap. iii.



democratic in form, but not in spirit. We cannot pause here to inquire into the secret springs of this difference between the younger and the older civilization. We wish to emphasize that, despite all this, the Greek and Roman republics were not republics in the modern sense. It has been well said of the Greek democracies that they were one and all slaveholding democracies, and that for each freeman with a vote there were at least three or four slaves.<sup>1</sup> And it is not too much to say that "at no period within the sphere of historic records was the commonwealth of Rome anything but an oligarchy of warriors and slaveowners."<sup>2</sup>

15. But this great circle of communities waxed and waned like the oriental peoples. In the later, as in the earlier, civilization the abuses of social cleavage eventually outweighed its benefits; and the pressure of militant invaders at last became irresistible. The soil was gathered up in the hands of great landed proprietors, who managed it on their own terms.<sup>3</sup> As all available territory in Europe, Asia, and Africa had been conquered and occupied, there was no further opportunity for colonizing new lands with poor men. The continents were full of savage and barbarian tribes, many of whom were themselves restlessly in search of new homes; and the declining military power of Rome was unequal to the farther extension of her empire. Indeed, it became every century more difficult to retain her present territories intact. Nowhere was this truer than in the west—in Italy, Spain, Gaul, and Britain.

16. In this declining community, with its internal and external dangers, a new institution gradually arose—the Christian church.

In its beginnings, Christianity appealed with vastly more force

<sup>1</sup> MAHAFFY, *Problems in Greek History* (London, 1892), p. 88; cf. p. 16.

<sup>2</sup> MERIVALE, *The Romans under the Empire* (New York, 1889), Vol. VII, p. 484.

On class relations in Greece and Rome generally, cf. GILBERT, *Greek Constitutional Antiquities* (London, 1895), pp. 126 f., 170 f.; SCHÖMAN, *Antiquities of Greece* (London, 1880; Hardy and Mann's translation), pp. 100 f., 124 f., 348 f.; RAMSAY AND LANCIANI, *Roman Antiquities* (London, 1894), chaps. ii and iii; GUHL AND KONER, *Life of the Greeks and Romans* (New York, 1876; Hueffer's translation), secs. 100, 101, 102.

<sup>3</sup> Cf. DILL, *Roman Society in the Fifth Century A. D.* (London, 1899), pp. 138, 139.

and success to the lower than to the upper social stratum. But at length, under easily explained conditions which it is not necessary here to detail, the rich began to give in their adherence, and, especially at the hour of death, to make large offerings to the church. Gifts and legacies at first took the form of movable wealth; but more and more the possessions of the church embraced landed property.

Before the close of the third century, many considerable estates were conferred on the opulent churches of Rome, Milan, Carthage, Antioch, Alexandria, and the other great cities of Italy and the provinces.<sup>1</sup>

It was among the first effects of the conversion of [the emperor] Constantine to give, not only a security, but a legal sanction to the territorial acquisitions of the church. The edict of Milan, 313, recognizes the actual estates of the ecclesiastical corporations. Another, published in 321, grants to all the subjects of the empire the power of bequeathing their property to the church. His own liberality and that of his successors set an example which did not want imitators.<sup>2</sup>

The spread of Christianity through the upper stratum is interestingly shown by the fortieth and forty-first canons of the synod of Elvira, which was held about the year 305. It was declared that the Christian *landlord* ought not to permit his pagan *tenants* to pay rents in kind, if these products—for instance, flesh and vegetables—had been previously offered to idols; and that the Christian *master* ought not to permit pagan *slaves* to keep idols on his property.<sup>3</sup> It is evident that between the first and fifth centuries a mighty change was wrought. At the former date the church consisted of small bodies of obscure people, with no comprehensive organization and no regularly appointed leaders. At the latter date we find it with wholly changed fortunes, a state institution, drawing its membership from upper and lower classes, divided sharply into laity and clergy; its higher officers holding great estates of landed and movable property, and assimilated with the secular upper class. In short, the primitive groups of Christians had been transformed into a

<sup>1</sup>GIBBON, *Decline of the Empire*, chap. xv.

<sup>2</sup>HALLAM, *Europe in the Middle Ages*, chap. vii; cf. also DILL, *op. cit.*, pp. 133, 134; MILMAN, *History of Latin Christianity* (New York, 1874), Vol. I, pp. 507-11, 536.

<sup>3</sup>HEFELE, *History of the Church Councils* (Edinburgh, 1883; Clark's translation), Vol. I, p. 154; cf. LEA, *Yale Review*, Vol. II, p. 356.

powerful social engine — the Roman Catholic church; and it was only thus, by allying itself in an organized way with capital, that Christianity became an effective historical force.\*

17. As the church extended its power and perfected its organization, society continued steadily to decline. In the fifth century after the birth of Christ the empire collapsed in its ancient seat; and the barbarian tribes came into control of all the West. In Greece and the East the Roman power, indeed, lived on; but that part of the world, as the issue proved, no longer lay in the main path of human progress. The center of historical interest, having shifted from the oriental to the classic world, now passes into western Europe as a whole. Here a third great civilization was to emerge from savagery, assimilate the achievements of its predecessors, make original contributions to progress, and assume the leadership of the world.

18. When we first begin to catch historical glimpses of them, the populations of western Europe outside of Roman territory are in an unsettled and fluid state. Barbarian tribes are everywhere contending for the possession of desirable territories. They at length form unions, and attack the empire. In what is now England the Angles and Saxons, and later the Normans, establish themselves. On the soil of what is now France and Germany the Franks become the dominant race. In Italy the Lombards, and in Spain the Visigoths, take possession.

19. As these races found permanent homes and gradually settled down, communities were everywhere cloven into upper and lower strata. In many cases, however, if not in all, cleavage had arisen prior to historical times; and the barbarian conquests meant a change of masters rather than the wholesale displacement of populations.

Brought actively to the front during the early wars, the upper class consisted at first of a military nobility; but it presently added to itself another element. By the "conversion" of the barbarians to Christianity, the Roman Catholic church was

\* For passages on the influence and functions of the church in the last century of the Western Empire, cf. DILL, *op. cit.*, p. 215; KITCHIN, *History of France* (Oxford, 1873), Vol. I, pp. 64, 65.

extended from its home in Italy throughout all the countries of western Europe.

No sooner had the new creed found a reception among the Saxons [in England] than the establishment of bishoprics followed in every separate kingdom.<sup>1</sup>

[The clergy] not only could depend upon the produce of their estates, but upon rents in kind, in money, or in service, which they received from tenants or poor dependents. . . . The numberless grants of land recorded in *Codex Diplomaticus* in favor of the clergy dispense with the necessity of entering at any length upon this head.<sup>2</sup>

It is estimated that after the Norman conquest in the eleventh century the ecclesiastical nobility held 30 per cent. of the soil of England, and the secular nobility the remainder.<sup>3</sup> And what was true of England held elsewhere. Throughout western Europe "donations of land were continually made to the bishops, and, in still more ample proportions, to the monastic foundations."<sup>4</sup> Thus the upper class consisted of two wings or sections, like earlier upper classes. The ecclesiastical wing was known as the "first estate;" the secular wing, as the "second estate." But we must not be confused by names and forms. In substance the two estates were not separate bodies; they composed an upper stratum which, by landholding, serfdom, and slavery, absorbed a large portion of the labor products of the masses, and gave practical expression to all the forces of social development.

20. Below this composite upper stratum lay the humble class in a condition which, with exceptions presently to be noted, is broadly described under the term of "serfdom" or "serf-slavery." The serf was compelled to remain on the land of his lord, who, as we have seen, might be either an ecclesiastical or a secular noble. Occupying a stated assignment of the soil on some great estate, and living in his own little hut, he must render to his lord

<sup>1</sup> KEMBLE, *The Saxons in England* (London, 1876), Vol. II, p. 358.

<sup>2</sup> *Ibid.*, Vol. II, pp. 467, 468.

<sup>3</sup> PEARSON, *History of England* (London, 1867), Vol. I, p. 383. The same lord often possessed many estates in different parts of the country. Cf. *ibid.*, Appendix C; SEEBOHM, *The English Village Community* (London, 1884), pp. 82, 83.

<sup>4</sup> HALLAM, *op. cit.*, chap. vii.

a portion of his labor products, and, for a part of the time, place his labor at the disposal of the same superior authority—both of which requirements amounted to essentially the same thing. Broadly speaking, this was the condition of the bulk of the lower class throughout Europe for several centuries after the fall of the empire. The status of the masses varied within certain limits and at different times and places. Some of the peasantry could almost be called free; and this held especially in England.

It would be difficult to speak of free peasantry in the modern sense. . . . Some kind or form of dependence often clings even to those who occupy the best place among the villagers as recognized free tenants, and in most cases we have a strong infusion of subjection in the life of otherwise privileged peasants.<sup>1</sup>

The lower class, then, was not constituted with absolute uniformity; but in the present connection it would be confusing to go into details.<sup>2</sup> Suffice it to say that the mass of the community occupied an inferior position with reference to the landholding order—the larger proportion consisting of serfs, a smaller part consisting of tenants who paid a stated rent, usually in kind, for their holdings, and were otherwise almost free.

It will sufficiently appear, as we proceed, that the line of cleavage between the upper and lower strata was passed quite freely.

21. Speaking broadly, the new communities were on an agricultural basis for five hundred years after the fall of the empire—say from the fifth to the eleventh century—during the period in which society was getting settled and acquiring stability.

There is not a vestige, perhaps, to be discovered for several centuries of any considerable manufacture; . . . of working up of articles of common utility to an extent beyond what the necessities of an adjacent district required. Rich men kept domestic artisans among their servants; even kings in the ninth century had their clothes made by the women upon their farms. . . . There were almost insuperable impediments to any extended traffic; the insecurity of movable wealth and the difficulty of accumulating it; the

<sup>1</sup> VINOGRADOFF, *Villainage in England* (Oxford, 1892), p. 178.

<sup>2</sup> Cf. SEEBOHM, *op. cit.*, pp. 89-97—*villani, cotarii, bordarii, servi*, etc.; POLLOCK AND MAITLAND, *History of English Law* (Cambridge, 1895), Vol. I, pp. 11-13, 395-416; MAITLAND, *Domesday Book and Beyond* (Cambridge, 1897), pp. 26-66.

ignorance of mutual wants; the peril of robbery in conveying merchandise, and the certainty of extortion.<sup>1</sup>

22. In the second half of the Middle Age—say from the tenth to the sixteenth century—advances of a most substantial kind elevated western Europe to a level on which it could begin to take up in earnest the work of human progress where the older civilizations had left off. Governments with more extensive jurisdictions were formed. Law and order were established more fully and uniformly. Multiplying international treaties and the steady pressure of the universal church paved the way for a growing cosmopolitanism. The study of ancient learning was revived. Manners were softened. Commerce and manufactures, hitherto inconsiderable, reached an extensive development; and the increasing circulation of money diminished the area of primitive barter.

23. Throughout central and western Europe, in the second half of the Middle Age, a merchant body arose to engineer trade, and made itself a power in the community. It became known as the “third estate.” But names are misleading; and just as the first and second estates composed what was, in substance, a single upper stratum, so the third estate was at first an extension of the upper class under a new form. We have already noticed the social significance of mercantile classes and the true nature of early commerce; but since we are now dealing with facts more fully in the light of history, and more immediately connected with our own present-day society, it will be well to refer to them again. The third estate in its origins was not derived by blood from the nobility, but was drawn by a severe process of selection from promising material in the lower class. It operated for several centuries under monopolistic privileges granted by the nobility; managed the exchange of lower-class products among the upper class;<sup>2</sup> grew rich by retaining what practically amounted to high commissions; bought landed estates; and, in many cases, received titles of nobility.

<sup>1</sup> HALLAM, *op. cit.*, chap. ix; cf. ADAMS, *Civilization During the Middle Ages* (New York, 1894), pp. 279, 280.

<sup>2</sup> ASHLEY, *English Economic History* (New York, 1894), Vol. I, p. 115, note 9.

24. With the rise of commerce there grew silently up amidst the old agricultural economy, with its peasant huts and lordly castles, a new economy of towns and cities. In the Middle Age trade could not go on continuously as it does today. Its beginnings were hampered, as we have learned, by great obstacles. Population was dispersed; traveling in the open country was insecure; people had difficulty in finding out each other's wants and products. Under such conditions the establishment of markets and fairs was an incalculable social benefit.

Unless traders were brought together at definite centers, at definite times, it was impossible either to protect them, or to supervise their dealings in the interest of the consumer, or to obtain from them those payments which formed a considerable part of the royal revenue. Hence the policy of the government was to create for trade regular channels in which it might be compelled to move.<sup>1</sup>

Mediæval towns and cities have been well defined as privileged places where markets were held.<sup>2</sup> The new centers of population grew up at convenient points—near fortified stations, monasteries and churches, on rivers and along the seacoast. One of the most interesting features of life in the Middle Age is the selling of charters to the towns by the lords of the territories on which the towns grew up.

25. Increased exchange of wealth was accompanied by increased production. In order to look more closely at the upgrowth of manufactures, it will be necessary to retrace our steps. We are directing our survey principally toward England, not only because our space is limited, but because that country illustrates typically the evolution which we are tracing, and in time becomes the industrial and political pattern of the West.

Social development, in its beginnings as well as in its later stages, depends upon the industry of material things. But industry, as we think of it today in its organized form, had no existence in the earlier stages of social evolution. In earlier times the economic needs of associated men were small as compared with other social needs. Upper-class appropriations, although partly converted into industrial capital, were more

<sup>1</sup> ASHLEY, *ibid.*, p. 97.

<sup>2</sup> HENDERSON, *Germany in the Middle Age* (London, 1894), p. 417.

largely consumed in the immediate personal support of the upper orders during their discharge of non-economic social functions. The extensive growth of manufactures and commerce waits always upon the organization of social stability<sup>1</sup> over large areas. In the three great circles of communities which have thus far come before us, we have seen how stability was organized out of barbarism by the forces of social cleavage. In surveying the first two of these we passed very lightly over industry and commerce in general, giving more attention to other aspects of the subject; but in the third, on which we are now engaged, the industrial phase of life has acquired an importance hitherto unknown, in large part, as we must apparently believe, because the energies of western civilization have been released from the mighty task of spiritual beginnings by its rich inheritance from its predecessors. The principle of cleavage, having been a powerful factor in the earlier progress of society, has actively operated in the development of the vast industrial plant existing around us today.

26. We have seen that in the confusion of the barbarian wars and settlements during the first half of the Middle Age the community existed almost exclusively on an agricultural basis. In the midst of these conditions the effective beginnings of manufactures are to be found nowhere else than on the estates of the secular and ecclesiastical nobility.<sup>2</sup> The artisan-serf was supported by appropriations from the labor of agricultural workers. Part of the raw material which he worked up was produced on the home estate; and, as time went on, an increasing part of it was imported from the estates of other lords, at home and abroad, through the deepening and extending channels of a commerce that was growing up, so to speak, over his head. It was only in this way—after men had begun to emerge from the ignorance and confusion of barbarism, after social cleavage had

<sup>1</sup> We use the term in a broad sense to include "intangible capital."

<sup>2</sup> Cf. JANSSEN, *History of the German People* (St. Louis; Mitchell and Christie's translation), Vol. II, pp. 1-3; TURNER, *History of the Anglo-Saxons* (London, 1828), Vol. III, p. 105; HALLAM, *op. cit.*, chap. ix; TRAILL, *Social England* (New York, 1898), Vol. I, p. 207; ASHLEY, *English Economic History* (New York, 1898), Vol. II, p. 219.



been established, and the comparative peace and order of great landed estates had been secured—that material capital could begin to accumulate, and a special class of workers be set apart to use it.

Were space available, it would be interesting to show how the industrial serf was gradually differentiated from the agricultural class; how the products of his labor, while appropriated largely by his lord, went directly and indirectly to the enrichment of every social class; and how the growth of commerce and manufactures was of *social* significance, and not a mere matter of upper-class fortune. But the experienced reader will perceive the implications; and we must be content to supply the essential outlines.

27. This, the most primitive stage in the growth of organized industry, began to be widely displaced in England by the "guild system" in the thirteenth century. Under the new system the artisans gained their liberty in ways presently to be suggested, and became townsmen, participating in the chartered rights and privileges purchased from the lords of the territories on which the towns arose. Among the most valued privileges conferred by charter was that of having a general "guild merchant."<sup>1</sup> The guild at first included merchants and artisans alike, and gave them a monopoly of trade and the right to fix their own prices.<sup>2</sup> No man could carry on trade or practice a craft unless he joined the town guild.

The transition from the primitive system to the guild system was involved in the growth of commerce and manufactures, the rise of the towns, and the increasing use of money. A part of the great unconscious movement of society, it was resisted by the upper class, but favored by them at the same time because irresistible.<sup>3</sup> Along with the increasing circulation of money, the lower classes were permitted to commute their labor dues,

<sup>1</sup> GROSS, *The Guild Merchant* (Oxford, 1890), Vol. I, pp. 5-8; cf. TRAILL, *op. cit.*, Vol. II, p. 556.

<sup>2</sup> Cf. GROSS, *op. cit.*, Vol. I, p. 107.

<sup>3</sup> Cf. GREEN, *Town Life in the Fifteenth Century* (New York, 1894), Vol. I, pp. 53, 54.

payments, and rents in kind into cash rents for land. The artisans, having been a comparatively small and favored section of the lower class, were able to buy themselves free and go off to the towns where trade centered, and there was a growing demand for skilled and unskilled labor. Often, indeed, a serf would run away in the night; and if he remained in a chartered town "a year and a day," he secured his freedom without further ceremony.<sup>1</sup> In a brief survey the most important thing to notice is, not how the change came about, but that it actually took place. Off-hand statements about the transition are, at best, somewhat obscure and inconsequential.

It will not do to condemn the guild monopoly on *a priori* grounds evolved out of the modern inner consciousness.<sup>2</sup> We must consider the circumstances of the age. The landed nobility were dominant. They regarded the growing commercial and industrial classes with hostility, but were compelled to tolerate them, since their services were indispensable. They would have been glad to dictate prices to the merchants and artisans; but the townsmen, in defending their freedom against the nobility, must, above all things, get the right to have the monopoly, and to fix their own prices to those who were their former masters and now their principal customers. In the thirteenth and fourteenth centuries "the trades were . . . supported . . . chiefly by the court and nobility and wealthy burgesses."<sup>3</sup> It can hardly be doubted that the right to fix prices was the most essential element of guild liberty. It not only secured the practical independence of merchants and craftsmen, but it helped them the more speedily to accumulate capital and advance to a position where monopoly was no longer needed.

At first the artisan of the towns had little more in the shape of capital than the tools of his craft. His labor, as a rule, was

<sup>1</sup> POLLOCK AND MAITLAND, *op. cit.*, Vol. I, p. 412; VINOGRADOFF, *op. cit.*, p. 86.

<sup>2</sup> Dr. Gross, for instance, in his invaluable work, for which we are very grateful, lightly pronounces the guild monopoly pernicious in this connection. He is a good guide to the facts; but his criticism takes no account of prior, contemporary, and subsequent conditions in society at large.

<sup>3</sup> TRAILL, *op. cit.*, Vol. II, p. 111.

piece work. His patrons found the material, brought it to him, and paid him when the work was finished.<sup>1</sup> But under these conditions the craftsmen began to accumulate wealth and enlarge their industrial plants.<sup>2</sup>

One notable fact in the economy of the fifteenth century is the development of the capitalist artisan. At a previous period in the social history of England, this personage had scarcely an existence.<sup>3</sup>

By the time of Henry VII. (1485-1509) artisans not only had the necessary capital for large contracts, but found the materials as well. When this point was reached, the original craftsmen began to turn into capitalist employers of labor.<sup>4</sup>

We make a serious mistake if we suppose the earlier artisans of the towns to be representatives of what we call today the "laboring classes," for the proletariat of the towns and cities had not at that time come into prominence. Craftsmen, indeed, usually had one or more assistants; but these workers expected to set up for themselves in a few years, and enter the guild. Masters and men wrought side by side; and there was no social gulf between them — no struggle between "capital and labor."

28. And now the movement of evolution carries us forward another stage. By the middle of the sixteenth century a great deal of capital had been amassed.<sup>5</sup> This was having a strange effect, at first sight unexplainable. Throughout England, in the later fifteenth and the early sixteenth centuries, the older chartered towns, once the centers of busy and prosperous life, went into decay.<sup>6</sup> The secret of this remarkable fact was that in the presence of a widening market, and of the growing wealth which had been accumulated under the policy of monopoly, the guild system, with its regulation of prices and wages and hours of work, had served its day and at last become a barrier to progress;

<sup>1</sup> ROGERS, *Six Centuries of Work and Wages* (New York, Putnam), p. 338; TRAILL, *op. cit.*, Vol. II, p. 556.

<sup>2</sup> ROGERS, *History of English Agriculture and Prices* (Oxford, 1866), Vol. I, p. 531.

<sup>3</sup> ROGERS, *Work and Wages*, p. 338.

<sup>4</sup> GROSS, *op. cit.*, Vol. I, p. 116.

<sup>5</sup> CUNNINGHAM, *Growth of English Industry* (Cambridge, 1892), Vol. II, p. 77.

<sup>6</sup> Cf. GROSS, *op. cit.*, Vol. I, p. 51; ROGERS, *Work and Wages*, pp. 339, 340; IDEM, *Agriculture and Prices*, Vol. IV, pp. 106-9; CUNNINGHAM, *op. cit.* (1896), Vol. I, pp. 440, 453 f.

and that, while the old industrial centers were in truth decaying, industry itself was prosperous, for capital and labor were leaving the chartered towns and setting up in smaller places where the guilds had no jurisdiction.<sup>1</sup> Grass grew in the streets of the older towns; and under the stress of competition the guild law became a dead letter in the places of its origin. Then, in the seventeenth and eighteenth centuries, the tide of commerce and industry, no longer hindered by monopoly, surged back into many of the older places; and all over England, in towns new and old, flowed currents of internal free trade, serving upper and lower classes at once. The guilds faded away into social clubs, numbers of which are still in existence, interesting survivals from social conditions that have long since passed away.

29. Accompanying these changes there came gradually into existence what we now term the "proletariat." At first, as we have seen, this class had no existence in the modern sense of the term, for masters and men worked side by side, and the latter were admitted to the guild in a few years and became head craftsmen themselves. But with the expansion of the market, the continued influx of liberated serfs from the country, and the transformation of the original artisans into capitalist employers, this condition of things prevailed less and less. The guilds became exclusive; and it was harder and harder to obtain entrance to them. The craft guilds, which arose by differentiation from the earlier guild merchant, are well said to have consisted of the aristocracy of labor.<sup>2</sup> Under such circumstances the wealthy section of the industrial class, together with the opulent merchants, engrossed the houses and land of the towns, even reaching out in many cases into the agricultural districts. The same element, like the landed nobility of the country at large, monopolized political power also. No man could be a burgess — a full citizen with a voice in the town government — unless he were a guild brother and a landowner.

<sup>1</sup>CUNNINGHAM, *op. cit.*, Vol. I, pp. 506 f.; *cf.* ASHLEY, *op. cit.*, Vol. I, p. 92; IDEM, *The English Woolen Industry* (American Economic Association, 1887), pp. 45-53, 75-84.

<sup>2</sup>GREEN, *Town Life*, Vol. II, chap. iv; *cf.* WEBB, *History of Trade Unionism* (London, 1894), p. 37, note.

A part of the inhabitants which constantly tended to become smaller, the "burgesses" proper, held alike the government of the town and the monopoly of trade to and from it. What is true of England is also probably true of the whole of western Europe.<sup>1</sup>

After the guilds had broken down and lost their old character, the manufacturing and mercantile classes no longer felt the need of guild protection. They held most of the wealth and land of the town; and the right to vote was hedged about with property qualifications.<sup>2</sup>

30. From about the middle of the sixteenth century onward for a period of over two hundred years, until the latter half of the eighteenth century, there were no great or specially significant changes. Agriculture still engaged the majority of the English masses. None of the great labor-saving machines had been introduced. Manufactures were partly carried on by capitalists in small buildings in the towns; and, as in the woolen industry, by country folk, who were patronized by merchants, and who combined spinning and weaving with the cultivation of small plots of land. There were, of course, many small workshops with one proprietor, like the shoemaker or the blacksmith; but we are speaking mainly of the larger and characteristic tendencies; and it may also be profitably noticed, by the way, that these "individual" workmen derived raw material in most cases from an industrial and commercial system organized before their time by the forces that we have been studying. There were no railroads, telegraphs, or steamships. Goods were slowly carried on pack-horses and wagons, and in sailing vessels along rivers and over sea. On the whole, this period saw a steady advance of commerce and manufactures, and a further increase of capital. Sir W. Temple, writing in the last quarter of the seventeenth century, remarked as a new thing the

<sup>1</sup> ASHLEY, *op. cit.*, Vol. I, p. 103; *cf.* *English Historical Review*, Vol. V, p. 652; GROSS, *op. cit.*, Vol. I, p. 125; GREEN, *Short History of the English People*, chap. iv, sec. 4; FROUDE, *History of England* (New York, 1873), Vol. I, p. 40; GREEN, *History of the English People*, Book V, chap. 1; GUIZOT, *Civilisation in Europe*, Lecture xiii.

<sup>2</sup> We make no reference to the Reformation in the text. The church no longer possessed a monopoly of learning; its property was inefficiently managed; and in the most progressive countries its estates were largely confiscated about this time by the secular nobility.

marriages contracted in the preceding fifty years between landed and commercial families.<sup>1</sup> Macaulay takes particular notice of the increasing capital seeking for investment in the period between the Restoration and the Revolution (1660 to 1688);<sup>2</sup> and the eagerness with which the public took the stock of the great South Sea Company and other schemes, in the first quarter of the eighteenth century, showed that the same process of accumulation was going on. English merchants were now trading with America, Africa, Arabia, India, Holland, Germany, Russia, Norway, Italy, and Turkey. Meanwhile the value of land was rising, irregularly but steadily; and the landed nobility were investing rents in commerce and manufactures, or making loans to the industrial world. But society was turning less to the purely landed class for the accumulation of the capital upon which all depended. Merchants, out of their surplus, were lending to manufacturers; the latter were lending to the former; and both of these were augmenting their capital, not only out of the profits of sales to the landed class, but from transactions with humbler folk as well. This feature of the situation, it may be supposed, was only just beginning to emerge. Merchants and manufacturers naturally still found their most profitable customers among the upper class; while they themselves, we should remember, had invested a goodly part of their wealth in real estate, and were constantly receiving ground rents. It should be noted here that in the latter part of this period—about the middle of the eighteenth century—immense improvements in farming began to be introduced by the large landlords.<sup>3</sup>

31. In the latter half of the eighteenth century there began certain great changes, known collectively as the "industrial revolution," whose influence upon the development of society has been incalculable. Hitherto, as we have seen, there had been no machine industry in the modern sense. But now a

<sup>1</sup> LECKY, *England in the Eighteenth Century* (New York, 1888), Vol. I, p. 209; cf. HARRISON, *Description of England*, Book III, chap. iv.

<sup>2</sup> MACAULAY, *History of England*, chap. xix.

<sup>3</sup> Cf. LECKY, *op. cit.*, Vol. VI, p. 189; TRAILL, *op. cit.*, Vol. V, pp. 99 f.; KNIGHT *History of England* (New York, Lovell), Vol. VI, p. 325.

crowd of labor-saving inventions were brought out; and many great discoveries were made within a short space of time. Their effect was to reinforce the power of man over nature so that production could be enlarged and perfected to an extent never dreamed of before. Only a brief and suggestive catalogue need be given. The earliest inventions were in the textile industries. The spinning wheel and the hand loom had been used for centuries. But now came the flying shuttle of Kay, the spinning jenny of Hargreaves, the spinning frame of Arkwright, the spinning mule of Crompton, the power loom of Cartwright, and the cotton gin of Whitney; and these wonderful machines revolutionized the manufacture of cotton, woolen, and linen goods. Until far into the eighteenth century wood had been used for iron-smelting; and the scarcity of fuel had limited the output of metal. But now it was discovered that coal could be used for that purpose; an improved air blast was invented; and the modern coal and iron industries were founded. The cardinal factor of power was yet lacking. The great and increasing demand for this was met by James Watt, who improved and practicalized the steam engine. Work which hitherto had been performed by the muscles of man and beast, and the force of wind and water, was now accomplished by a power which could be applied almost everywhere, increasing the efficiency of human effort a million fold. The demand for adequate means of transportation was met by the cutting of canals, and later by railroads and steamships. And such was the outward aspect of the great industrial revolution.

The new machines and processes were thought out by persons in all ranks of society. No class monopolized the initiative. But wherever the original brain might be, its product, in order to be spread abroad in the world, required the help of capital which was already in existence or which could be readily assembled out of the fruits of labor. This was furnished by the landed, the commercial, and the manufacturing aristocracy. It came through these channels because there was no other channel in existence. Two suggestive examples will be given; but the fact ought not to require much illustration.

Francis, Duke of Bridgewater, . . . was the possessor of collieries at Worsley whose value depended on their finding a market at the neighboring town of Manchester; and it was to bring his coal to this market that he resolved to drive a canal from the mine to the river Irwell. With singular good luck he found a means of carrying out his design in a self-taught mechanic, James Brindley. But in Brindley's mind the scheme widened far beyond the plans of the duke . . . , and, instead of ending in the Irwell, he carried the duke's canal by an aqueduct across that river to Manchester itself.<sup>1</sup>

Barton aqueduct was built, and the whole canal completed . . . in 1761, and the price of coal in Manchester fell from 7d, per cwt. to 3½d. Not content with this, the duke set Brindley to work at once on another canal connected with the first at Longford bridge and going to Runcorn. This was also successfully carried through, at a cost of £220,000. Long before it was finished the duke was at his wit's end for money. On one occasion he sent his steward around to collect scraps of rent in advance to pay his workmen.<sup>2</sup>

What Brindley had discovered was, in fact, the water-road, a means of carrying heavy goods with the least resistance, and therefore the least cost, from the point of production to the point of sale; and England at once seized on his discovery to free itself from the bondage in which it had been held. From the year 1767, when Brindley completed his enterprise, a network of such water-roads was flung over the country; and before the movement had spent its force, Great Britain alone was traversed in every direction by three thousand miles of navigable canals. To English trade the canal opened up the richest of all markets, the market of England itself. Every part of the country was practically thrown open to the manufacturer; and the impulse which was given by this facility of carriage was at once felt in a vast development of production.<sup>3</sup>

Of Watt, the improver of the steam engine, and of the circumstances connected with the introduction of this machine to the world, we learn the following:

It was his good fortune to be early supported by Dr. John Roebuck, a man of singular enterprise and ability, who carried on large ironworks on the Carron, in Stirlingshire, and afterwards, when Roebuck had been ruined, to be taken into partnership by Matthew Bolton, the head of the great ironworks at Soho, near Birmingham. Assisted by the capital and labor at the disposal of a great manufacturer, the most splendid inventive genius of the eighteenth century had full scope to display itself.<sup>4</sup>

In 1776 Watt's engine . . . was a success. Orders came in fast. . . .

<sup>1</sup> GREEN, *History of the English People*, Book IX, chap. iii.

<sup>2</sup> TRAILL, *op. cit.*, Vol. V, p. 323.

<sup>3</sup> GREEN, *ibid.*

<sup>4</sup> LECKY, Vol. VI, chap. xxiii, p. 216.



Saw-mills in America, sugar-mills in the West Indies, paper-mills, flour-mills, engines for flint-grinding in the potteries, were ordered in quick succession. In 1785 one was ordered for a silk-mill in Macclesfield, and one was built for Robinson's cotton-mill at Papplewick, in Nottinghamshire. The first engines in Manchester and Glasgow were set to work in 1789 and 1792 respectively. In fact, between 1780 and 1800 the steam engine was established as the motive power of the day.<sup>1</sup>

32. Looking around us in modern society, we see a huge industrial plant which millions of people utilize in getting at and preparing the earth's resources in support of life. This plant is technically known as capital. To give a brief but suggestive enumeration, it consists of such things as factory buildings, with tools and appliances; agricultural implements; mining machinery; railroad tracks, cars, and engines; steamships; business blocks; dwelling-houses, etc., etc. It has all been produced by aid of earlier capital, which, in turn, rested back upon still earlier, and so on. Broadly speaking, capital has developed along with the evolution of society. Having been reserved out of labor products, thrown over from generation to generation, and renewed and added to, it has at length—across the flight of time and the mutations of mortality—accumulated into that vast industrial plant which is employed today partly in working up the earth's resources into the form of consumable goods, and partly in renewing and extending itself. According to the present thesis, the *principal* agency by which this industrial outfit has become a concrete fact in society is to be found in social cleavage, based at first on slavery and serfdom, which in modern times have been commuted into competitive land rents. It is well to emphasize again that this view is not put forward as an all-sufficient social philosophy. The facts of universal history viewed from other angles reveal the working of other principles just as important in themselves.

33. We have now, perhaps, carried the treatment far enough to illustrate the essentials of this thesis, however imperfectly; and we close with a final word as to its bearing on contemporary conditions. Our idea of its application to present-day society can be stated briefly as follows: (*a*) Existing industrial capital,

<sup>1</sup> TRAILL, *op. cit.*, Vol. V, pp. 461-3; cf. SMILES, *Lives of the Engineers*, chap. viii.

labor-force, technical knowledge and natural opportunities afford an ample basis for the production of such capital as now comes into existence year by year. (*b*) The capital annually reserved out of ground rent has become an insignificant factor in the formation of new capital. (*c*) An amount nearly, if not quite, equal to that which is annually concentrated by ground rent (including returns on railroad and similar franchises) is annually consumed by governmental expenditure, local and national. (*d*) Existing industrial tension will be relieved, and present actual capital more effectively invested, if governmental expense be so assessed as to absorb ground rent, leaving capital to be employed at one annual charge in proportion to natural site value, instead of, as now, at two charges—a private one for site value, and a public one to defray governmental expense.

This will, of course, be recognized at once as identical in substance, though not necessarily in detail, with the diagnosis of Henry George. It is hardly necessary to say, however, that while it coincides in practical conclusions with the orthodox doctrine of the land-value tax, it approaches the whole situation by a different route. We try to follow the historical, inductive method, attempting to adjust our views to the facts of the world and of mankind as brought out by scientific research; while Mr. George—like Ricardo—investigates the subject from the *a priori* standpoint. The extreme length to which the latter method can be carried is shown by a disciple of Mr. George, in an able paper published in this JOURNAL, when he implies that the land-value tax ought to have been instituted at the “origin of society;”<sup>1</sup> but perhaps this ought to be taken in connection with the comprehensive reference to the experience of all new communities from Ohio to Oklahoma.<sup>2</sup> The facts of the social situation from prehistoric to modern times, as we see them, compel us to differ from orthodox single-taxers on the one side, and from socialists on the other. The single-taxer figures in most things as an individualist. He imagines individual producers peacefully at work developing the earth’s resources and reserving part of their products, in the form of capital, as an

<sup>1</sup> AMERICAN JOURNAL OF SOCIOLOGY, Vol. IV, p. 748.

<sup>2</sup> *Ibid.*, p. 756.

aid to future production, etc. With this as a background, he introduces the central villain, the landlord, who spoils the play. The conjunction of this *a priori* world with the actual world is a trifle misty; but presently we see ground rents ascending into the regions where the landlord dwells, a useless creature devouring the earnings of "capital" and "labor" in luxury and riotous living. We are not informed, meanwhile, how it comes that we find ourselves in the midst of civilization, where once the whole round globe was given over to animality. On the other hand, socialism has but recently come to any sort of terms with the historical spirit (partly, it is true, because it has not had the opportunity); and, while rightly emphasizing the communal, or mutual, aspect of society, it misses the social value and significance of ordinary individual initiative.

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